



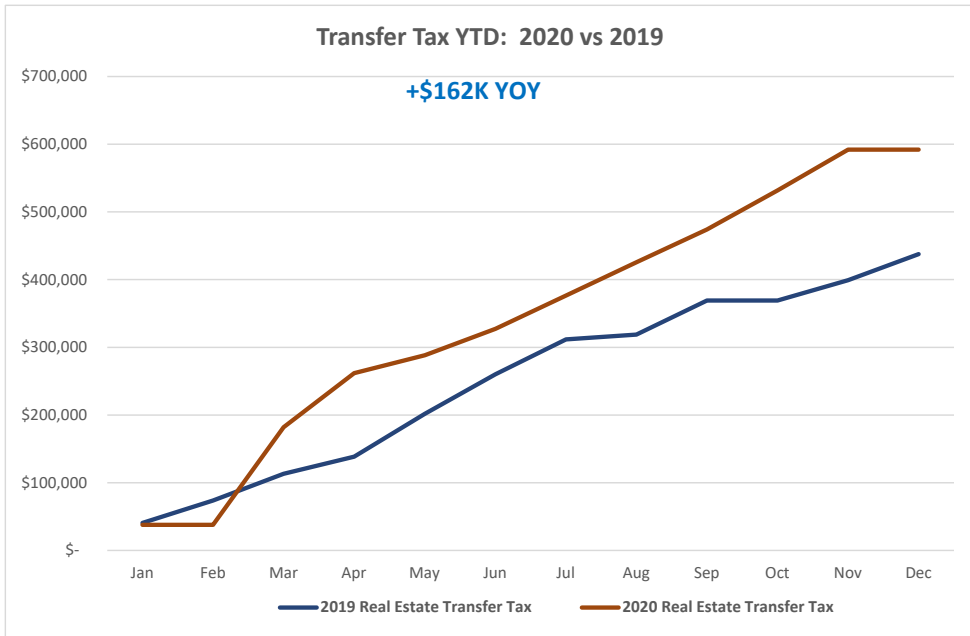
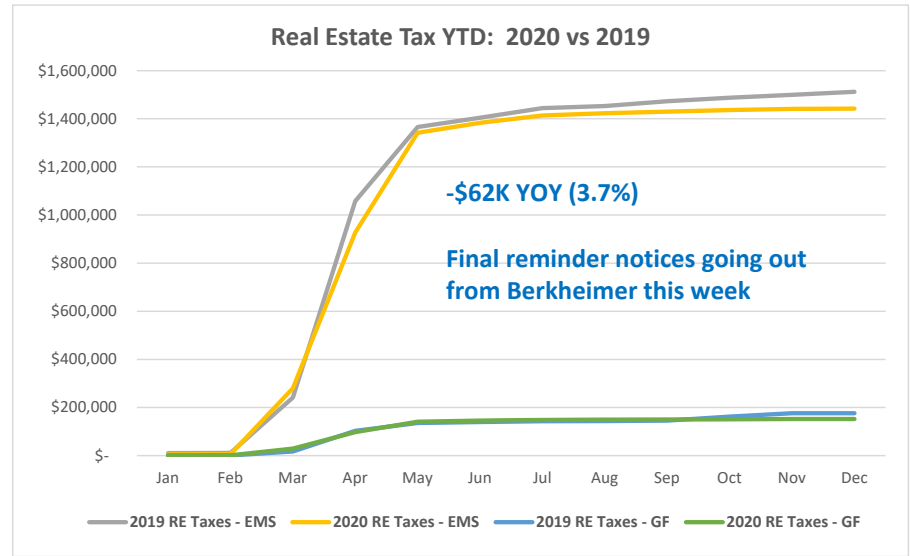
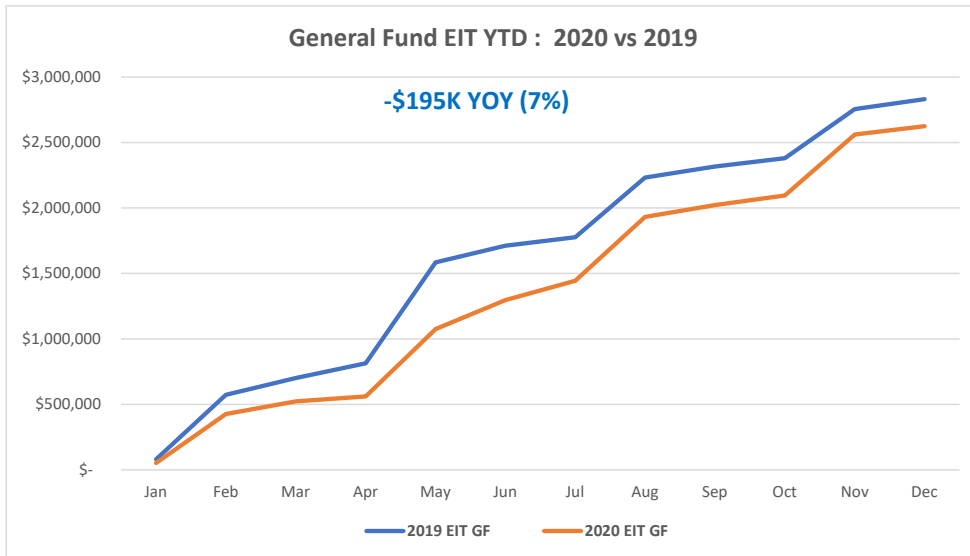
KENNETT TOWNSHIP
FINANCE & HR DEPARTMENT

TO: Kennett Township Board of Supervisors

FROM: Amy Heinrich, Finance & HR Director, Treasurer
Subject: Department Report 12-16-2020

- The 2021 budget process will be completed with the approval of the budget tonight. The budget process is an extremely thorough bottoms-up process that began in August. It includes all department heads and all Finance, HR and administrative employees. Every line item was individually forecasted and presented at one or more of our eight discussions at public meetings of the Board of Supervisors. We gathered extensive feedback from the Board, community partners and the public in order to get to where we are today with a balanced 2021 budget. I want to express a sincere thank you to the Finance & HR team and all others that assisted with the process.
- The year-to-date P&L and full-year 2020 forecast P&L are included in the Final Budget packet that is up for approval at this Board meeting and included in the Board packet. Some additional details on tax revenues are also attached to this report.
 - Note, two large employers with payroll systems issues are causing most of negative EIT variance. The 2020 forecast includes recouping some of these funds in December, but I am just learning that it may take longer. That would result in upside to the 2021 budget.
 - One large company had staff reductions that caused a decline of \$133K in EIT.
 - Outside of these 3 companies, EIT has increased. Therefore, any COVID impact is more than offset but other favorable factors.
- The 2019 audit has been completed by Maillie and I am reviewing their final report. We plan to circulate the full results and present it to the Board and the public in January. The process was stretched out vs. a normal year given both COVID limitations and the unique post-fraud process. The audit was challenging due to the extensive clean-up and reconciliation required on 2018 and 2019 data and lack of back-up materials for early 2019. The findings were as expected and everything of any significance has already been rectified. We will be happy to discuss these details when we present the audit.
- New General Ledger implementation: We expect to go-live with Sage Intacct, our new General Ledger system, in January of 2021 so that the entire new year is on the new General Ledger.
- Sewer billing has been delayed this year due to staff turnover, extensive clean-up efforts, process improvements and COVID complexities. We apologize for any inconveniences but are happy to note that new low-contact efficient processes have been rolled-out and continuously improved. Changes include a print and mail service from our systems vendor, lock-box capability with our bank and other behind-the-scenes process improvements. Third quarter 2020 billing is expected to go out very soon. Our goal is to get Fourth quarter 2020 billing out on time and stay consistent thereafter. There is a natural delay due to the dependency on water volumes from two different water companies. The normal process results in bills being mailed 6-7 weeks after quarter-end.

Tax Revenue: 2020 vs. 2019



EIT Revenue is lagging 2019 due to payroll issues with 2 employers and reductions at one company.

- **-\$195K (7%) in General Fund through November.** November receipts reduced the variance by almost \$100K.
- Detailed data through October has enabled the following insights. These stats were likely improved due to favorable receipts in November. Nov detail data to follow.
- Self-employed Resident and employer-reported resident incomes both went up by 6%. This blended percent includes new residents. Any COVID impact is more than counteracted by other increases.
- The entire negative variance is from non-residents and from 3 large employers
- 2 large employers with payroll systems issues are causing most of the non-resident variance. The 2020 forecast includes recouping some of these funds in December, but I am just learning that it may take longer. That would result in upside to the 2021 budget.
- Staff reductions from one company account for \$133K in EIT. Non-resident variance including this and the above is only -3%. Any impact that COVID may be having is mostly offset by other increases.
- The entire negative variance is from non-residents and from 3 large employers